

ARIZONA BINGO REVIEW

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Tracking Paper Through Serial Numbers

Manufacturers are always looking for new ways to increase the security of bingo paper.

Several manufacturers offer computer software that tracks serial numbers. This can be a very effective deterrent to theft and fraud.

A licensee's biggest fear is that someone will sneak in bingo paper from another bingo hall. Serial numbers are a great way to prevent this from happening. Several manufacturers have software programs that are designed to help you track sales and to control your bingo paper inventory. Once the serial numbers are entered into the program, you can quickly determine where and why shortages are occurring. If paper is brought into the game using serial numbers that have not

been issued, you will know when you verify the serial number on the winning card.

Some programs use bar codes that contain the serial numbers embedded in the code. Rather than writing down all the serial numbers, you just scan the bar code. A report can be generated that will show you all the serial numbers used at any particular game. This is an easy way to determine the legitimacy of a bingo card and for tracking inventory.

If you do not use or verify serial numbers at each game, there is a good chance that you could become a victim of fraud. Be careful and check those serial numbers; bingo paper is money. Call your local bingo distributor for more information.

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Bingo Worker Pleads Guilty

On February 6, 2002, in Navajo County Superior Court, Jacqueline Oso pleaded guilty to theft, a class 3 felony. Oso and her mother, Erlinda Gonzales, were subjects of a 3½-month investigation conducted last year by Bingo Investigators. Church officials suspected the pair of embezzling over \$30,000 in bingo funds from St. Joseph's

Parish Hall in Winslow over a two-year period.

Jacqueline Oso was sentenced to 4 years probation, 500 hours of community service and she must pay restitution of \$24,000 at \$120 a month. Charges against Erlinda Gonzales are still pending.

Pull-Tabs Are a Form of Gambling

Last year we addressed the sale of Pull-Tabs by bingo licensees in the *Bingo Review*. From the complaints we've received over the past several months, we believe there is a need to review the law again.

Under Arizona law, Pull-Tabs are considered a form of gambling under A.R.S. §13-3301(2). Selling Pull-Tabs during a bingo occasion is gambling and therefore an illegal activity. Any licensee found with Pull-Tabs may be subject to prosecution under Title 13 but also under the state liquor laws.

This is a warning to those who may want to sell Pull-Tabs. Under A.R.S. §13-3303, anyone that knowingly conducts, organizes, manages, directs, supervises or finances gambling, is committing *Promotion of Gambling*, a class 5 felony. The prison sentence for conviction of a class 5 felony is two years.

Balance Your Financial Report to Your Checkbook

The last section of the financial report asks for your beginning and ending balance. Use the balance shown in your checkbook on the first and last day of the reporting period. To verify the accuracy of your report, take the beginning balance, add the gross receipts then subtract your total prize payout, total Schedule I expenses and your total Schedule II expenses. The remaining amount should be the ending balance. If not, you have a math error or you forgot to report an expenditure or you over-reported an expenditure.

Cash Means Cash on the Verification Record

Section E, Item 5, on the Verification Record, asks for your "Cash Payout". **Only** record the amount of cash you actually paid out in cash prizes. If you paid a prize with a check, do not include that amount in this space. A check is not cash for the purpose of this report.

You need to attach all of your supporting paperwork; i.e., floor sheets, etc. or any other documents used to prepare the Verification Record to the Verification Record. These records are necessary in order to support your financial reports when they are audited.

Electronic Checking Transactions Prohibited

Arizona bingo laws require all Class B and C licensees to maintain a checking account with a state financial institution. All checks must be "withdrawn from the licensee's special account by consecutively numbered checks duly signed by a specified officer or officers of the licensee...." Electronic checks, transfers, or debits do not meet the requirement set forth in A.R.S. § 5-407 D.

Common Discrepancies Noted by Auditors

Our auditors are reporting common discrepancies on the financial reports filed this quarter on the following items:

1. Line 38 of the financial report asks for the amount of *Change Fund on Hand* at the beginning of your reporting period and at the end of your reporting period. The beginning amount must agree with the ending amount from the previous report. This fund is actually the petty cash you keep on hand after each occasion to make change, etc. for players buying into your next game. Don't forget to list it on line 38.
2. Our auditors also review the names of persons reported as being paid on Schedule I and Schedule II.

A.R.S. § 5-406 H states:

The entire proceeds of any game shall be devoted to a lawful use or uses. In addition to other unlawful uses, the following are not considered lawful uses under this section:

1. *Compensation and expenses of directors, officers, and management personnel.*

This means those officers; directors and management personnel may not receive money from bingo for any reason except as allowed in 5-407.G, which pertains to compensation of bingo workers.

A.R.S. § 5-407.G.9 (b) states

"Services rendered" means repair to equipment, reasonable compensation to bookkeepers or accountants, not more than two in the aggregate, for services in preparing financial reports, a reasonable amount for janitorial service and security guards. Services rendered does not include and no item of expense may be incurred or paid for service of any nature whatever rendered by a member or new member, including, without limitation except as provided by paragraph 8 of this subsection, equipment repair, bookkeeping, accounting janitorial service, security guard service or operating, conducting or managing a bingo game or providing any professional or consultation services related to bingo.

This means that no one working for a licensee may be paid for any item of expense listed in Schedule I except for compensation for working bingo.

3. All bingo licensees are required to report on what is called the "Cash Basis". This means that gross receipts from all occasions are reported in the period earned and all expenses are reported in the period they are actually paid. If you receive a bill for payment due in the last few days of your reporting period and you don't actually write the check to pay the bill until the first few days of the next reporting period, the payment **MUST** be reported on the next report. The payment must not be reported in the period it was accrued.

Reminder When Corresponding with DOR

At the risk of being redundant, *please remember to put your bingo license number on everything you send to us*. This continues to be a problem with

much of the correspondence we receive. Whenever you make changes to your license; e.g., canceling a game, changing a game start time, adding another game day, adding or deleting personnel, etc. we need your bingo license number on the document. It helps us speed up the processing of your paperwork.

Reprint from April's Newsletter

Please accept our apology for the poor quality of the picture in our April's newsletter. The problem has been corrected and the quality from now on should be much better. Most of you have very little personal contact with the bingo staff. A reprint of their group picture should help with introductions. We want to make sure you will recognize us the next time you see us, so we are reprinting the photograph of the bingo staff.



*Bingo Staff From Left to right front row
Lupe Bejarano, Loraine Mata, Deborah Cluff
From left to right back row Ralph A. Young,
Richard Pittman, and "Sam" Martin*